



January 2003

Missouri News

Missouri Farm Service Agency

Parkade Center, Suite 225
601 Business Loop 70 W
Columbia, MO 65203

Hours
Monday - Friday
8:00 a.m. - 4:30 p.m.

State Committee
Don Fischer, Chairman
Fred Ferrell
Julie Hurst
Craig Westfall
Barbara Wilson

Staff
Patty Dick, Administration
Dan Gieseke, Farm Loans
Bo Wendleton,
Compliance
Gerald Hrdina,
Conservation
Don Engelbrecht, Price
Support
Max Sell, Production
Flexibility

Eating an Elephant

Question: How do you eat an elephant?
Answer: One bite at a time. As a farm owner, working your way through the question of whether to update your base and yield is like eating an elephant. It's something best done one bite at a time.

Your first bite is deciding whether you want to participate in the Direct and Counter-cyclical Program. Participation will get you guaranteed annual direct payments for eligible commodities. In years when market prices are below target prices, participation will get you counter-cyclical payments for eligible commodities. You do not have to participate in DCP to qualify for commodity loans or loan deficiency payments.

If you decide to participate in DCP, the next bite is deciding whether to update your base and yield. This is going to be a big bite because you have to make two decisions that go hand-in-hand. First, whether to update your base or freeze it at the existing 2002 Production Flexibility Contract base. In either case, you can add eligible oilseed acres. Second, whether to freeze your yields at the existing 2002 PFC rate or update all of them. The point is, understanding the base and yield options is one bite.

When you've digested the base and yield options, look at what you get when you combine different base and yield options. There are six different combinations from which you can choose. This is a pretty big bite, and if you had to do this with a pencil and paper it would take a while. Fortunately, there are tools available to help you analyze each combination. We recommend the Base and Yield Analyzer found on the Farm Service Agency Web site (<http://www.fsa.usda.gov/pas/farmbill/tools.asp>) to help you take this bite.

Once you've run the analyzer, the next bite is to review the report you'll get and decide which set of options suits your operation.

The final bite is taking that trip to the county office and filling out the paper work.

April 1, 2003, is the deadline for signing the Direct and Counter-Cyclical Program Base and Yield Election Form (CCC-515). Please don't wait 'til the last minute to get to work on this. Take a bite of the elephant now. Call the county office today and make an appointment to come in and sign up.

FSA Stops Administering EQIP

The new farm bill revised the Farm Service Agency's role with the Environmental Quality Incentive Program. We no longer handle the application or approval process. From now on you need to contact Natural Resources Conservation Service for details on the program. Before December, FSA will hand off the current EQIP participant folders to NRCS. After that we will only make payments and enter contract information in to the computer.

Wool and Mohair Eligible for Loans, LDPs

Wool and mohair producers are now eligible to apply for a nine-month, nonrecourse marketing assistance loan or a Loan Deficiency Payment, courtesy of the 2002 Farm Bill.

Loan rates for 2002 wool and mohair were announced on Dec. 17, 2002. Loan rates for graded and nongraded wool are set by region and regional differentials apply. In addition, graded wool rates are set according to eight

micron ranges, see the table below. The 2002 Missouri loan rate for nongraded wool is 42 cents per pound. The loan rate for mohair is set by statute at \$4.20 per pound.

Missouri 2002 Graded Wool Rates	
Micron Range	Loan Rate (\$/lb.)
<18.6	5.29
18.6 - 19.5	3.40
19.6 - 20.5	2.47
20.6 - 22.0	2.26
22.1 - 23.5	2.22
23.6 - 25.9	2.09
26 - 28.9	1.50
Over 29	1.35

To receive a graded wool loan, a producer must provide a core test from a CCC-approved testing facility. At this writing there are only two approved facilities. Stop by the county office for more information.

Under the new wool and mohair program, producers have until Jan. 31, 2003, to request LDPs for 2002-crop wool and mohair that have not yet been marketed and remain in storage. If LDPs are not requested, producers have until Jan. 31, 2003, to request loans for 2002-crop wool or mohair. Each year thereafter, the period to request loans and LDPs will extend until Jan. 31 of the year following the crop year in which the applicable commodity is sheared.

To be eligible for a nine-month marketing assistance loan or LDP for wool or mohair, producers must demonstrate compliance with wetland and highly erodible land conservation requirements.

Posted prices for wool and mohair will be announced by the Commodity Credit Corporation every Tuesday at 3:00 p.m., EST. These posted prices will be used to determine the alternative loan repayment rates for marketing assistance loans and to determine loan deficiency payments.

January Interest Rates

The interest rate for 1995 and prior crop year commodity loans disbursed by USDA's Commodity Credit Corporation during

**2002
CENSUS OF
AGRICULTURE**

*You Make It Known –
Agriculture Counts!*

www.usda.gov/nass/


United States Department of Agriculture


National Agriculture Statistics Service

**The Census Is
Coming to a
Mailbox Near You**

The 2002 Census of Agriculture will provide official facts representing all U.S. producers and commodities.

Don't be left out when decisions are made about you and American agriculture. A report form will appear in your mailbox in late December. Take the time to fill it out and return it by February 3, 2003. It's the law.

All the information you give is completely confidential by law.

For help completing your census form, call **1-888-4AG-STAT**.

January 2003 is 1.500 percent, unchanged from the December 2002 rate. For 1996 and subsequent crop year commodity and marketing assistance loans, the interest rate is 2.500 percent for loans disbursed during January 2003, unchanged from December 2002. The interest rate for farm storage facility loans approved in January is 3.750 percent, up 0.125 from the December 2002 rate.

Selected Interest Rates for January 2003	
90-Day Treasury Bill	1.375 %
Farm Operating - Direct	3.250%
Farm Ownership - Direct	5.500 %
Limited Resource	5.000 %
Farm Ownership - Direct Down Payment, Beginning Farmer or Rancher	4.000 %
Emergency	3.750 %
Farm Storage Facility	3.750 %
Commodity Loans 1996-Present	2.500 %

Disaster Debt Set-Aside Program

When Farm Service Agency borrowers who are located in designated disaster areas or contiguous counties are unable to make their scheduled payments on any debt, we are authorized to consider setting aside some payments to allow the operation to continue.

When the county in which a borrower farms is designated as a disaster area, or a contiguous county, by the president or secretary, farmers presently indebted to the agency, who may be eligible, are notified about the Debt Set-Aside Program. Borrowers who are notified have 8 months from the date of designation to apply.

To be eligible, the borrower must be unable to pay all family living and farm operating expenses, payments to other creditors and payments to FSA as a direct result of the disaster. The borrower must have operated a farm or ranch in a county designated as a disaster area or in a contiguous county.

For more information on the Disaster Debt Set-Aside Program, check out the fact sheet online at <http://www.fsa.usda.gov/pas/publications/facts/html/debtset02.htm>.

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Hay Net

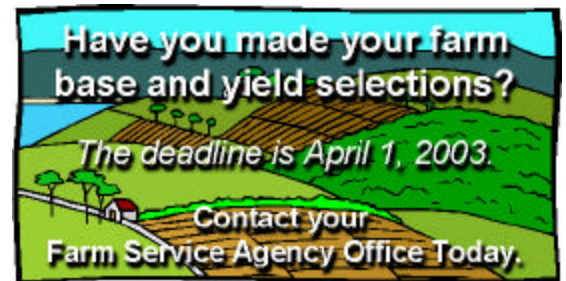
FSA has developed a web site for producers to list information concerning the need for hay or the availability of hay for sale or donation. More than 600 ads have been posted to the site; the majority from people selling hay. Hay Net may be found on the Farm Service Agency home page at www.usda.fsa.gov.

Gross Income Could Effect Continuous CRP

An adjusted gross income limitation will be effective starting in the 2003 crop year for certain programs, such as Conservation Reserve Program. This limitation states an

individual or entity shall not be eligible to receive certain benefits if the average adjusted gross income of the individual or entity exceeds \$2.5 million, and less than 75 percent of the gross income is derived from farming, ranching or forestry operations.

CRP producers are able to defer the effective date of their continuous sign-up contract for up to 6 months. With the signing of the 2002 Farm Bill, participants with CRP contracts that begin on or after Oct. 1, 2002, are subject to the adjusted gross income provisions.



Change to Farm Ownership Eligibility Requirements

Farm Bill provisions overhauled direct Farm Ownership eligibility requirements. New rules require Farm Ownership loan applicants to have participated in the business operations of a farm or ranch for at least 3 years, but now they are not required to have been the primary operator. Applicants who meet any of the following criteria are determined to have participated in the business operations of a farm or ranch:

- Owned, managed or operated a farm business for at least 3 years as evidenced by tax returns, FSA farm records, or similar documentation.
- Has been employed as a farm manager or farm management consultant for at least 3 complete production and marketing cycles.
- Participated in the operation of a farm by virtue of being raised on a farm or worked on a farm as long as you can document significant responsibility for day-to-day decision making for at least 3 years.

Applicants must be able to demonstrate they

were active business managers and did not function solely as a laborer.

Dates to Remember	
Today	Report changes to farming operation.
Dec. 2	Last day to return ballots in county committee election
Dec. 13	Deadline to sign up for LCP
Dec. 25	Christmas Day, FSA offices closed
Jan. 1	New Years Day, FSA offices closed
Jan. 10	Deadline for beneficial interest waiver LDPs
Available at Harvest	2002 LDPs and Commodity Loans
On Going	MILC program sign up ends Sept. 30, 2005
On Going	Farm Storage Facility Loan Program
On Going	Conservation Reserve Program Continuous Signup

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, D.C., 20250-9410, or call 202-720-5964 (voice or TDD).